



Organizational Fund Policy

Amended January 2023

WHEREAS the Virginia Eastern Shore (VES) Land Trust Board of Directors established an Easement Endowment Fund in May 2004, an Operations Endowment Fund in January 2007, then combined these two funds into the Virginia Eastern Shore Land Trust Organizational Fund in March 2012 and simultaneously created the Contingency Fund the management of which is addressed in the “VES Land Trust Contingency Fund Policy.”

WHEREAS the VES Land Trust now has two funds: The Virginia Eastern Shore Land Trust Organizational Fund and the VES Land Trust Contingency Fund.

WHEREAS the Land Trust Accreditation Commission recommended the VES Land Trust “Remove the word ‘endowment’ from your land trust’s solicitation materials for stewardship and defense funds to eliminate any implied donor restrictions on the contributions and to align the solicitations with your certified public accountant’s opinion that the contributions are unrestricted gifts.”

NOW, THEREFORE, BE IT RESOLVED the VES Land Trust Organizational Fund, hereafter referred to as the Fund, is an organizational fund as that term is defined by the Eastern Shore Community Foundation/Hampton Roads Community Foundation. The Fund is not considered an endowment fund.

On an annual basis, the VES Land Trust Board of Directors, will consider how much if any of its unrestricted income raised in the prior year will be transferred to the Fund.

Donations to the Fund may be made directly by easement donors or any other donor. The interest income, herein called the “grantable amount,” from the Fund may be used to support the annual operating expenses of the VES Land Trust, including, but not restricted to salary and payroll expenses, insurance, rent, utilities, publications, stewardship and defense of easements, legal fees, easement expenses, or other general expenses.

The use of the Fund for stewardship and defense of easements shall include, but not be limited to, the following: property visits by Land Trust staff and consultants, such as a forester, biologist, soil scientists, hydrologist, etc.; any related research, photography or other costs and expenses associated with property visits and determining if an easement has been violated; legal and other professional fees, as well as court costs and other related fees, necessary to ensure the terms of the conservation easement are upheld.

In the event that funds are needed to provide for regular annual monitoring of properties under conservation easement to the land trust, the Board of Directors shall be restricted to withdrawing only the grantable amount from the Fund in a given year.

The following is the policy for withdrawals from the Fund. These procedures are in keeping with the land trust policy to maintain the Fund of a size sufficient to generate a grantable amount to

support the annual operating expenses of the land trust, extraordinary easement stewardship expenses, and defend the conservation easements it holds.

Withdrawals from the Fund shall require approval by a quorum of the Board of Directors. In the event of an easement violation deemed to require urgent access to a portion of the funds, a withdrawal may be approved by members of the Board of Directors by telephone, email, fax or other proxy.

Each year, at the VES Land Trust Regular Meeting in November, the Board of Directors will approve the grantable amount from the Fund to be used in the coming year to support annual operating expenses.

In the event that extraordinary circumstances call for the use of any principal from the Fund to support annual operating expenses, such approval shall require an affirmative vote by two-thirds of the members of the VES Land Trust Board of Directors, in a board meeting or by written proxy.

In the event of any withdrawals from the Fund, the Board of Directors and the Executive Director shall determine a timetable for developing a plan and to actually restore the funds withdrawn from the fund.

BE IT FURTHER RESOLVED that the Virginia Eastern Shore Land Trust Board of Directors has recognized the significant costs associated with recording, monitoring and enforcing each conservation easement that the organization accepts. As well, the Board of Directors has recognized that the donors of conservation easements often gain equally significant financial benefits from the permanent protection of their land.

Therefore, it shall be the policy of the VES Land Trust to regularly inform potential conservation easement donors that they will be expected to pledge a specific amount to the Fund and to arrange a payment schedule for the gift; either at the time the easement is recorded or within no more than one year of recording. Arrangements for the gift to the Fund must be made *before the land trust records the conservation easement*.

The VES Land Trust Board of Directors will establish the minimum gift to the Fund for a donated easement using the "Organizational Fund Pledge Form."

The VES Land Trust Board of Directors will consider a waiver of this policy for hardship cases, in which a gift to the Fund is not possible for a potential easement donor. In requests for a waiver, another source for the funds must be identified. The board must approve any waiver of an Organizational Fund gift at a regular meeting *before the land trust records the conservation easement*.

The VES Land Trust Board of Directors reserves the right to refuse to negotiate or to record a conservation easement if a potential donor refuses to accept the responsibility for a gift to the Fund.

BE IT FURTHER RESOLVED changes to this VES Land Trust Organizational Fund Policy shall require an affirmative vote by two-thirds of the members of the VES Land Trust Board of Directors.

Adopted January 31, 2017 by the Virginia Eastern Shore Land Trust Board of Directors

Amended January 5, 2023 by the VES Land Trust Board of Directors